CME Group

Special Executive Report

DATE: **March 14, 2024**

SER#: **9348**

SUBJECT: **Protein Claims in Soybean Meal Futures**

This SER replaces SER 7444 issued on August 21, 2015.

The Board of Trade of the City of Chicago, Inc. ("CBOT" or "Exchange") is issuing this SER to supersede SER 7444 and to illustrate how protein deficiency claims are calculated for load outs on the Soybean Meal Futures contract (the "Contract") (CME Globex Code: ZM; Clearing Code: 06; Rulebook Chapter 13).

By way of background, effective December 14, 2016, CBOT implemented various amendments to the Contract including that commencing with the January 2019 contract month and beyond, the par protein level shall be reduced from 48 percent to 47.5 percent (see SER 7800R dated November 23, 2016).

CBOT Rule 13105. ("Sampling") states, in part:

> *Any shipment of Soybean Meal testing within 0.5% of protein below 47.5% protein (basis official sample moisture 12.0% or less; protein to be calculated on 12.0% moisture basis if official sample moisture exceeds 12.0%) shall not be subject to rejection or penalty on account of protein content. Any shipment of Soybean Meal testing below 47.0% and equal to or above 46.0% protein (basis official sample moisture 12.0% or less; protein to be calculated on 12.0% moisture basis if official sample moisture exceeds 12.0%) shall not be subject to rejection. Protein deficiency claims for any shipment of Soybean Meal testing below 47.0% protein shall be settled between the parties on the basis of two times the delivered market price per unit of protein on date of shipment and shall be calculated on the same moisture basis as for protein rejection.*

Soybean meal testing 47.0 percent protein or greater shall not be discounted and may not be rejected by the buyer on account of protein. Soybean meal testing 46.0 percent to 46.9 percent protein may not be rejected but is subject to discount and soybean meal testing below 46.0 percent protein is subject to rejection and, if not rejected, subject to discount. A buyer accepting load-out of soybean meal testing below 47.0 percent protein shall submit a protein deficiency claim for two times the market price per unit of protein below 47.5 percent.

For example, suppose a soybean meal shipment from a cancelled shipping certificate tests 46.4 percent protein (1.1 units of protein below spec) and the market price on the date of shipment is $338 per ton. For an owner loading out this certificate the protein deficiency claim shall be:

> Market Price per Unit of Protein: $338/47.5 = $7.07
>
> Two Times the Market Price per Unit of Protein: $7.07 * 2 = $14.14
>
> Two Times the Market Price per Unit of Protein below Spec = $14.14 * 1.1 = $15.55

In this scenario, the certificate owner could submit a deficiency claim to the warehouseman for $15.55 per ton.

Questions may be directed to Fred Seamon (312-634-1587 or Fred.Seamon@CMEGroup.com).